

\$Mart News™

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Local Government and the \$Mart Programs

What do you think of when you hear a siren from a fire truck? Caution? Watch out? Guess what we think of...*Was that truck obtained by the fire district with the help of a \$Mart program?*

Local government usage of the State Financial Marketplace has grown three-fold over the last year, with one of the most popular items being fire trucks. City and county fire districts are updating their obsolete fleets and fire trucks aren't cheap! (for information, see [Local Government Use](#).)

So next time you hear a siren, use a library computer or see a police vehicle, think about how the innovative and cost saving features of the \$Mart programs are helping your community!

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***The State Financial Marketplace is
found at www.dgs.ca.gov/pd***

Get \$Mart

CONTROL versus KAOS

Patrick Mullen
GS \$Mart™ Manager



When I was a kid, “Get Smart,” the wacky 1960s television spy comedy starring Don Adams, was a favorite. An agent for CONTROL, Adams, as Maxwell Smart/Agent 86, and Barbara Feldon’s character—Agent 99—spent the entire episode saving the world from villainous KAOS.

Nearly four decades later, I find myself reminiscing about the show. And not because of the like namesakes (*Get Smart* and *GS \$Mart™*), but for the fact that Dahlynn and I are constantly trying to save deals we didn’t know even existed. I’m Adams’ Agent 86, Dahlynn is Agent 99, and together we’re fighting to save the \$Mart programs from chaos.

Put yourself in our shoes (and no, we don’t have a phone in ours like Smart did); we receive a call from a lender waiting on their Opinion of Counsel, the document necessary to fund, or close, a deal. Checking our “war board,” which tracks the active \$Mart deals, this particular one is not listed.

We immediately contact the agency and ask that they fax a copy of the purchase order and ancillary documents to us. *What we have is not a pretty sight.* The procurement exceeded the CMAS delegation and there is no CMAS exemption letter attached. *It gets worse, Chief.* The equipment has already arrived and has been installed. The supplier is screaming for payment. The lender wants their Opinion. But we can’t do anything but backtrack and try to fix the mistake. And this is one mistake of

Get \$Mart

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Dollars and \$ense

Updates for \$Mart Lenders and Lessors

GS \$Mart™ – Attention Lenders

- ✓ Kudos to the two Lenders who noticed that the Alpha Plan's terms and conditions have been updated. As of July 1, 2000, Version 3.2 of the document has been implemented.
- ✓ All Lender responses to the *Rate Quote Form* must be honored for at least 30-days from the date of the quote, and you must follow the guidelines as specified on the Web site – there are no exceptions. Agencies will be advised to disqualify a submitted rate quote that does not follow the required format, then forward the quote to us for further action.
- ✓ Lenders must remember to submit completed 8038G forms for the state's quarterly filing.
- ✓ **RATE QUOTES MUST BE ALL-INCLUSIVE!** Believe it or not, there are several Lenders who are willing to chance their company's standing in the GS \$Mart™ program by not adhering to this minor requirement. For those Lenders who always submit inclusive rates, thank you. Please be assured that we are addressing this issue.
- ✓ New Lender:
 - \$ Imperial Bank

Lease \$Mart™ – Attention Lessors

- ✓ Currently in development are new leasing scenarios for copiers and telecommunication and video conferencing equipment. Any Lessors interested in posting for this type of equipment should contact the \$Mart Manager.
- ✓ New Lessor:
 - \$ Key Municipal Finance

Seat \$Mart – Attention All

- ✓ See page three for an update on this program.

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New\$ You Can Use

Updates for Customers of the \$Mart Programs

- ✓ Read the article to the left, "Dollars and \$ense" – this information is just as important to you, as a customer, as it is to the Lenders and Lessors. If you encounter a Lender or Lessor not adhering to any of these routine requirements, please contact the appropriate \$Mart Manager immediately.
- ✓ If your agency would like a presentation on the State Financial Marketplace, contact a \$Mart Manager for more information.
- ✓ Both \$Mart Managers are happy to help you with your *Rate Quote Form* and in issuing your financing quotes. But keep in mind, neither \$Mart Manager can make the final determination on the selection of a Lender or Lessor; they can only make recommendations based on specific needs.
- ✓ An *Opinion of Counsel* is required to fund a financing/leasing transaction. A new document is now required, signed by the agency director or designee, for all financing/leasing deals dated November 1, 2000, forward. Check out "When the Opinion Count\$" on page four to learn more.

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TO \$EAT OR NOT TO \$EAT?



And this is the question. \$Mart managers and CMAS officials have been meeting with suppliers and financing/leasing representatives nationwide, garnering information, developing strategies, and reviewing/evaluating the federal government's two massive seat management programs (ODIN and GSA). For more information about the federal contracts, log onto <http://fedcac.gsa.gov> and under the contracts heading, select "seat management."

Some major concerns that have arisen during the development of Seat \$Mart fall under the auspices of "outsourcing." As with any outsourcing contract, where a state employee may be able to complete much of the same work being hired out, it is imperative that agencies follow all related state procurement statutes, particularly Government Code 19130 as it relates to outsourcing. Another important consideration is evaluating the current costs to conduct business (the state's internal cost-per-seat) and compare that number with the cost of a seat management contract. For example, if an agency currently pays \$300 per-seat, per month (costs are determined by all aspects needed to maintain a seat, from equipment and software costs, to network support, to position time and cost), but seat management will cost \$600 per-seat per month, how can the agency justify the expense?

At this time, all agencies concerned are evaluating the viability of the Seat \$Mart program. Stay tuned for more information. \$\$

Have a question for the State Financial Marketplace? Contact a \$Mart Manager:

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Get \$Mart

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many, unfortunately, in which the agency has to answer to its CONTROL agencies.

As a CONTROL agency for nearly all State of California purchases, DGS' Procurement Division is also the home of the \$Mart programs. Thus, when we receive an order, it is our mission to make sure the procurement was done correctly. *Ah, the old rush-the-order-through trick. That's the second time I fell for it this month! But not this time!* If the purchase order appears to have problems, then we forward it to the appropriate office within Procurement for review. We also must make sure our mission is complete before obtaining an Opinion of Counsel (see page 4). In a way, we are put into the position to act as "spies," for the lack of a better term and in the spirit of the column, whenever a purchase order arrives which requires financing.

Saving our program from KAOS is an important responsibility. Granted, mistakes occur in every area of business, but the majority of those we have encountered, and have worked many long hours negotiating a fix, were mistakes that had nothing to do with the \$Mart programs. The best way for your agency not to get into this mess in the first place is to bring in either of us AT THE BEGINNING OF THE DEAL if there is the slightest possibility that financing *may* be attached. We will advise your agency on the best way to proceed in regards to our area of expertise and can give you Procurement Division staff contacts if necessary. By waiting until the deal is complete, including the financing, you may find yourself falling down the telephone booth shaft, as Smart did at the opening of every episode, with no way to fix the mistake in a timely manner. The result, from a financing standpoint, is that the lender can pull the deal or increase the interest rate after 30 days, an allowance afforded per our program. In the end, you'll spend more on your interest costs. *I asked you not to tell me that!*

To reiterate, our mission for this episode, ah, I mean column, don't pull a Larabee! *Get \$Mart* and contact us at the beginning of your procurement! By doing so, you'll keep CONTROL over KAOS and look smart to the Chief, not give him another headache or be forced to use the cone of silence (and that one's for all you die-hard Get Smart fans)! \$\$

When the Opinion Count\$

Introducing a New Document for Both \$Mart Programs

Dahlynn J. Shiflet
Lease \$Mart™ Manager

In the financing world, an Opinion of Counsel, which triggers the funding of a deal, is the most important document of the entire transaction. For the \$Mart programs, DGS' Office of Legal Services (OLS) is responsible for signing this document.

Why do we keep mentioning this important item? Because *every aspect* of a procurement that has financing or leasing attached is reviewed by OLS. From supplier selection through award, regardless of the purchasing vehicle (i.e., CMAS to a formal bid), OLS must be assured that the procurement meets all Public Contract Code (PCC) statutes and State Administrative Manual (SAM) regulations.

This places both \$Mart programs in an odd position; in order to fund a procurement that has financing or leasing attached, the appropriate \$Mart Manager must prove to OLS that the procurement process was conducted per PCC and SAM. But the \$Mart Manager did not oversee the procurement process, only the "back end" in regards to the financing or leasing. See the problem? Thus, when an agency utilizes either \$Mart program, it is imperative that copies of all documents in support of the procurement process are forwarded also.

Unfortunately, many past procurements, in which an Opinion of Counsel was rendered by OLS based on good faith that the procurement process was followed, have returned in the form of questions and protests (see "Get \$Mart" on page one). Thus,

as of November 1, 2000, agencies who utilize either \$Mart program must submit a signed [Certification of Compliance](#) form which was created by OLS. If this form is not submitted with the purchase order, OLS will not review and/or render an Opinion of Counsel to fund the deal. A synopsis is as follows:

I hereby certify the following:

- A. *I am the agency director or designee;*
- B. *The matters described herein are in compliance with the criteria and procedures for information technology and/or commodity procurements prescribed in PCCs 12100 et seq or 10300 et seq and SAM;*
- C. *This is a delegated procurement and is within the agency's delegation;*
- D. *This is a procurement award;*
 - ___ *After competition*
 - ___ *Without competition*
 - ___ *Based on CMAS*
 - ___ *Based on a Master Agreement*
- E. *Any new or enhanced information technology capabilities are consistent with project justification approved by the Department of Information Technology, myself or my designee;*
- F. *This purchase order and/or agreement has been duly authorized, executed and delivered by the State acting through its duly qualified elected or appointed officers or agents in accordance with its terms and conditions, and;*
- G. *The foregoing statements are true to the best of my knowledge and belief.*

Again, this signed document will be required on all financing and leasing transactions dated November 1, 2000, forward. Contact either \$Mart Manager for more information. \$\$

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